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February 14, 2006

AGENDA ITEM 5

TO: MEMBERS OF THE AD HOC BOARD GOVERNANCE COMMITTEE

- I. SUBJECT:** Board Travel
- II. PROGRAM:** Administration
- III. RECOMMENDATION:** Defer to the Committee
- IV. ANALYSIS:**

In April of 2001, the Board adopted revisions to the Board Travel Policy which, among other things, allowed Board members to authorize their own in-state travel, subject to fiduciary duties. The revisions also included the preparation of an annual report outlining self-approved travel by all Board members. (A copy of the Travel Policy is attached.)

Under the current policy, Board members do not need pre-approval to travel:

- to and from CalPERS' offices,
- in connection with noticed Board/Committee meetings or workshops, or
- within California, as necessary for CalPERS-related business.

All other travel requires approval by the Board President (or in cases involving the President's out-of-state travel, the Vice President), with the concurrence of the full Board. The Board President will generally not recommend the participation of more than two Board members at a single out-of-state function.

The policy also provides that staff prepares an annual summary report for the full Board outlining self-approved travel by all Board members.

The self-approved travel provisions have resulted in some miscommunications. The Board may wish to consider changing the policy to require Board President approval for all non-meeting travel. Current Board policy also provides that members must submit their claims within 60 days of travel. If this deadline is not met, the Board President has the authority to deny future travel requests -- but this sanction has rarely been invoked. The Board may wish to consider a policy

that precludes additional travel unless travel reimbursement claims are timely filed, at least when the system has made a travel advance.

V. STRATEGIC PLAN:

This project supports Goal II of the 2005 Strategic Plan Goals which calls for CalPERS, as an organization, to “foster an environment that values quality, respect, diversity, integrity, openness, communication and accountability.”

VI. RESULTS/COSTS:

Memorializing the Board’s travel policy will improve the efficiency of Board operations.

PETER H. MIXON
General Counsel

